E-Philanthropy Comes of Age

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Abstract

Our research in the area of electronic philanthropy examined charitable activities from the perspectives of donations, disasters and delivery. The donation topic includes a review of traditional contributions for charitable or philanthropic causes, and the disaster issue explores the impact that a terrorist threat or environmental disaster has on possible donors. The delivery topic explored the various media utilized to contact or assist contributors including an exploration of new or innovative ways in which the appeals for such donations are now being effectively transmitted. News of such disasters as the earthquake which severely affected Haiti can provide the additional impulse needed to utilize electronic media over more conventional fund raising activities. The combination of the e-philanthropic impact upon donations, disasters, and delivery is found to have important digital triggers, which provide additional impetus for increasing contributions. The following case scenario describes the American Red Cross experience in its collection of e-philanthropic donations for the damage inflicted by the Haiti Earthquake, and illustrates how all three elements provided the digital triggers for the successful fundraising efforts of the ARC.

Introduction to E-Philanthropy

The global downturn has affected almost many aspects of life around the world. Fundraising organizations, especially those with solicitations dependent upon donations from the general public, have been especially challenged. At the same time, however, technological advances have made it possible for those same organizations to send requests for needed donations more rapidly and expansively than in the past. The following paper examines some of new approaches to fundraising, utilizing electronic technology to not only communicate the need for more funds, but also providing a faster way to collecting those donations.

What is known about the fundraising business for non-profit organizations? First, there are an infinite number of non-profit organizations falling into a huge array of categories (civic, educational, disaster relief, cultural) that have a never ending need for funds to support their
missions and programs. The United States leads the world in levels of charitable activity (Trumbull). Second, a combination of poor economies and decreasing governmental support for many programs is placing greater stress on organizations to seek new approaches for revenue generation to take up the slack. The economic downturns in the past five years have definitely been reflected in overall philanthropic donations. Giving USA 2010 showed that “estimated total charitable giving in the United States fell to $303.75 billion for 2009. This is a 3.6 percent decline compared with the revised estimate of $315.08 billion for charitable giving in 2008. The decline is 3.2 percent after adjusting for inflation. In light of the difficult economic conditions present during 2009, this decline was not as severe as might have been expected” (Giving USA 2010).

Conveniently, some very cost-effective online fundraising tools are coming of age just when traditional tools are showing signs of becoming tapped out or exhibiting lower returns for the invested dollars. Philanthropy is being enhanced by e-philanthropy (e-philanthropy refers to essentially using the Internet for (electronic) philanthropic purposes and has become an essential part of the fundraiser’s strategic arsenal with the electronic component beginning to take on exciting new forms. Julian Jillbert provides Brett Lorenzen’s definition of e-philanthropy as (Jillbert), “a technology-driven business process that leverages money, action, and information for purposes of increasing the well-being of humankind or furthering the promotion of human welfare.”

A timeline for e-philanthropy is said to date back to August 12, 1981 and the IBM 5150 PC, but in general, e-philanthropy began to be recognized around 1999 at the turn of the 21st century when websites began to populate the Internet (ePhilanthropy eZine). Some report that e-
philanthropy was actually started by the United Way in Canada in 1995 and then exported to the United States (Maclean).

While this research primarily focuses on mobile marketing and donation collection through text messaging, electronic philanthropy includes the wide variety of Internet-based communications and websites offering information as well as donation appeals. Cell phones along with smartphones and other wireless gadgets are part of this category as well. E-philanthropy has been the subject of a growing body of research. E-philanthropy is based on a variety of innovations in today’s digital economy, i.e., the use of new knowledge (both technological and market) to offer products or services that customers want. E-philanthropy has also been described as a disruptive innovation (Lee). Research has found that “in that the traditional organizations (e.g., NPOs) lack the necessary models of competitive architecture and organizational capabilities, and are therefore unable in critical ways to do what must be done. Typically, a disruptive innovation presents a different package of performance attributes--attributes that, at least at the outset, are not valued by existing customers. The performance attributes that existing customers do value improve at such a rapid rate that the new innovation can later invade established markets. In general, disruptive innovations create an entirely new market through the introduction of a new kind of product or service” (Lee).

One of the early promoters of e-philanthropy, Theodore Hart, cautions that, regardless of the immediacy of this technological approach, “Charities should approach the Internet as a communication and stewardship tool first and a fundraising tool second. Success will come not from an emphasis on the technology, but on cultivating and enhancing relationships” (Hart, T.). The electronic platform takes many forms, including enhanced websites incorporating photography, video clips, personal commentaries, as well as the more traditional content, for a more ‘rich media’
opportunity. Email connections have proliferated, providing especially smaller fundraisers with expanded reach toward donor segments (Kayhko). Further, viral marketing (the practice of sending messages online to others via email connections) has dramatically broadened the reach of email lists.

Several key points highlight the critical benefits in the use of e-philanthropic donations as identified by the Network for Good study of 2007 (Andresen 2007):

- Online giving has reflected the trends of online shopping and online banking. Consumers value the convenience and speed of online transactions;
- Online giving is becoming the donors’ charitable avenue of choice at time of disaster. Half of the relief giving for Hurricane Katrina was online, the largest outpouring of online donations in history to that point in time;
- Online giving is highly cost-effective for charities. It can cost $1.25 to raise a dollar from a new donor through direct mail, or $.63 through telemarketing, the costs per dollar raised online can be as low as five cents.

Fundraising Donations and Donors

This study starts with a review of research documenting the growth of e-philanthropy. Overall, online giving grew from $250 million in 2000 to more than $4.5 billion in 2005 (ePhilanthropy Foundation). Online gifts to the top 187 charities climbed to 37 percent in 2006, from $880 million in 2005 to $1.2 billion in 2006. Further, online gifts grew more than 50 percent at 85 organizations, and, of those organizations, 34 organizations had online donations double over the prior year (Barton). These figures can be a bit misleading, it is noted however, because the year 2005 included at least three major environmental disasters, and many of the contributions in 2005 and carrying over into 2006, were as a direct response to appeals for relief
for those affected by the disasters. Thus, some charitable organizations had fundraising downturns, including 38 organizations whose Internet fund raising totals decreased in 2006 (Barton).

For many individuals, the age of mobile marketing and fundraising appeared during the Obama presidential campaign in the early months of 2008, as the candidate and his platform was presented online, particularly through blogs, social media, (especially twitter), and mobile texting. Interestingly, as of August 2008, “seven percent of Internet users had gone online to donate to a political candidate. Supporters of the Democratic Party led the way in online giving. Compared to political donors, charitable donors are less likely to go online to make their contributions, but charitable donors are more likely to make a large contribution over the Internet (2010 Pew Internet & American Life Project).

Upswing or downturn, however, it remains important to realize that Internet-based donations constitute only a small fraction of total donations received from all sources, including conventional direct mail, telephone solicitation, and other communication activities such as advertisements, charity events, and the one to one solicitations. Thus, despite the current dire economic situation in the United States, the rise of some new and effective approaches to fundraising bring positive news to charitable organizations.

Looking ahead several years, some data offered by Blackbaud and its Q4 2009 Index of National Fundraising Performance released in June 2010, shows the impact of a still weak economy on non-profit donation and fundraising efforts and also the changing sources of philanthropy (Flannery, et al, June 2010). Median change in revenue was -7.3 percent from Q4 2007 to Q4 2009. The Blackbaud Index tracked the movements of 79 non-profit organizations,
collectively having 38 million donors. There has been a marked shift towards finding new donors through electronic means. Twelve percent of new donors were acquired online in 2009 versus just six percent in 2005. Interestingly, online gifts or contributions were not just for tiny donations but yielded $74 on the average, compared to direct mail ($40), telemarketing ($45) and all other means of contribution ($29).

Thus, looking at Blackbaud’s data of 2009, regarding total giving by source, the internet has now surpassed direct mail, or telemarketing (9 percent to 3 percent) in terms of average amount (Flannery, et al, June 2010). Even though online giving is still only around 9-10 percent of overall giving, anecdotal data suggests that it is growing very fast with a number of organizations now processing 50-60 percent more dollars from online sources in 2009 versus 2008 (Flannery, et al, June 2010).

Overall, direct mail is still heavily in the lead in terms of total monetary amount collected for donations, accounting for 78 percent of contributions, with all other sources bringing in 10 percent (Flannery, et al, June 2010). It is important to realize that these figures do not reflect the net dollars received. The concept that use of the Internet might be more cost efficient as a fund raising tool, not requiring print production nor mailing costs, has not been addressed in these figures. Regardless, the Internet might be an especially excellent tool for small and low budget fundraisers. Getting donations on the website and using emails lists for a campaign, could provide tracking even more readily than direct mail or telemarketing.

According to the Convio Benchmarking study (Bhagat, et al, 2010), 39 percent of consumers reported making an online donation after visiting a charity website in 2009. It would
appear that the online positioning of fund-raising organizations may significantly impact all of their fund raising efforts, both for on and offline contributions.

The Convio data also provides an interesting look at the consumer behaviour which might be termed the ‘online research before you buy (or donate)’ behaviour pattern. According to the Kintera/Luth Non-profit Trend Report (Feig and Luth, 2004), over 60 percent of all donors – online and offline – did research online before giving. It is clear that the majority of donors are not only researching a non-profit’s website, but all over the internet – from blogs to rating organizations, thanks to the growing power of search engines. Further, as pointed out in the Kintera/Luth Trend Report of 2005, the percentage of possible contributors doing some online research had risen to over 65 percent, with 40 percent of donors stressing they always went online before making a giving decision (Feig and Luth, 2005).

As well, the Kintera/Luth 2005 study also noted that 8.6 million households donated more than $3 billion online in 2004, an increase of more than 50 percent over the prior 2003 donations. As noted by Association of Fundraising Professionals President and CEO, Paulette V. Maehara, “it’s important that all nonprofits have an online presence, even if they don’t have the capacity to raise funds from their website. It’s quite possible that some charities are missing out on contributions simply because they don’t have a website that contains information about their mission and activities” (Donors Increasingly Going Online). The use of the Internet as a donation channel appears to be gaining acceptance, however, based on a 2008 research study which found a majority of prospective donors aware of online availability, with the greatest concern being trust in the security of the Internet for donations (Treiblmaier).
Use of the Internet is definitely supported by a 2009 Forrester Research study, which notes that “interactive will cannibalize traditional media.” The supporting reasons for this statement included (VanBoskirk):

--Poor economic conditions (interactive tools were less expensive, more measureable, and better for direct response than traditional media);

--Increasingly interactive customer relationships (noting that 42 percent of online adults and 55 percent of online youths want to engage with their favorite brands through social applications);

--More strategic marketing organizations (it is predicted that more CMOs will begin to buy their own technology, prioritizing interactive solutions like campaign management, Web analytics, and email marketing);

--Moribund print inventory (with print advertising down 20 percent over 2008, advertisers are leaving print for interactive sources);

---Proof that interactive marketing works (online media has the potential to target more effectively and be more cost effective as well).

Mobile devices, spearheaded by cell phones, are spreading rapidly throughout the United States. Thus far, Forrester Research notes that “mobile remains one of the most anticipated, least adopted interactive channels in the mix (as) complexity around metrics, marketer, content, and carrier relationships plus limited consumer mobile data use, stifles mainstream mobile adoption today” (VanBoskirk). Despite this relatively pessimistic outlook, the report goes on to speculate that mobile usage will intensify as mobile data usage increases, strategic mobile applications continue to develop, and as mobile matures as a medium, especially as mobile devices become points of sale. Given the 2009 date of this research, the mobile usage for donations toward the 2010 disasters appears a strong signal that mobile maturity may be developing even faster than anticipated.
The reports on electronic charitable donations, thus far, have not provided much information about the demographic profiles of the donors, but in regard to mobile usage, general information on the US marketplace as of 2009, found that 18 percent of Millenials had smartphones, while only 10 percent of Generation X, and 8 percent of the Boomers, owned smartphones. Since traditionally, the older generations are often the largest donors for charitable causes, the surprising growth of donations from not just electronic sources but specifically from mobile phones appears to be an indication that the Millennial generation is likely to donate more substantially via mobile texting, at least in a crisis-impulse situation than to provide donations in more traditional methods (Krum).

Further, an article on mobile giving noted that “A december 2009 survey conducted by the Pew Internet & American Life Project found that 83 percent of adults own a cell phone or smartphone and 35 percent of those owning a mobile device had used it to access the Internet at some point. The use of texting or SMS (short message service) has been popular with teens and young adults for some time, but is now spreading to other demographics as well, as seen in the growth of services such as Twitter”(Sherman).

The content of the fundraiser’s website gains additional importance as more mobile devices and smartphones are utilized to access these websites. Websites with a variety of electronic formats, including video, are known as ‘rich media.’ Such websites do not only attract more viewers, but also tend to hold the viewer’s attention for a longer time frame. As pointed out, “rich media on any type of connected device has proven not only popular, but highly effective for marketing purposes. According to the June 2010 report by Dynamic Logic, video does the most of any online ad format to raise consumer purchase intent. It’s an increasingly
valuable tool for improving online user engagement” (5 Proven Ways). The visible aspect of a need or problem also encourages additional support on the part of the consumer or prospective donor. Research has found that the greater the perceived severity, the greater the likelihood of donations (Cusson).

Social media has become a primary platform for communication among numerous individuals today. As author Fritz points out, “The younger generation is already there (on social media), so nonprofits who haven’t begun using social media are playing catch-up and experimenting with all the different platforms, from Facebook and Myspace to Twitter and Flickr” (Fritz). The most prevalent users of social media have been identified as those born after 1980, called by various generational terms as Gen Y, Millennials, Net-Gen or even the Echo-Boomers. Characteristics of this generation include size (even surpassing the baby boomers) at estimated 79 million; the impact of 9/11 as well as the economic downturn and massive changes in social support; surprisingly tolerant, especially of diversity or even sexual preferences; anxious to volunteer time and talent to philanthropic or sustainable causes; technologically savvy; connected to many people and expect communication from individuals; does not really like or understand bureaucracy; and, finally dislikes traditional news media and uses the Internet instead for information and two-way communication (Fine). All of these characteristics imply that e-philanthropic activities, especially through mobiles or other wireless devices, would be the approach taken by these millennial individuals.

According to the Adobe Mobile Experience Survey, the profile of the users of electronic communication devices found that “mobile’s most active content consumers tend to be male, 30-49 years old and own iPhones; they also purchase more frequently and spend the most.
Specifically, men spend more time than women on Financial and Travel content. However, women lead men in social networking (80 percent vs. 70 percent)” (Adobe Mobile Experience Survey). Note that this survey’s focus pertained to mobile devices, not specifically fundraising or contributors for charitable causes, but the overall users of such devices are a growing proportion of Internet viewers. Already, there are more than 4.5 billion cell phone users compared to 2 billion PC users (Adobe Mobile Experience Survey). Also interesting is that, at least based on available research, user complaints tend to involve criticism of possible negative portrayal of individuals on website for a variety of social marketing causes, but fundraising requests are not identified in such criticism (Jones, Sandra C. and van Putten, Katherine).

According to the Network for Good’s 2007 study of the “The Young and the Generous,” the following characteristics have been identified with online donors (Andresen 2007):

1. The online givers are young (average age 38-40) with men and women giving in equal numbers, or women giving just slightly more (offline donor ages average 60+);

2. Donors tend to be not new to giving but new to giving online (96% of online donors reported having donated to a charity in the past);

3. New York and California were the most generous states in total charitable giving, while Washington, DC and New York were the most generous according to population size;

4. Online donors are generous in general, and give significantly more than offline donors (not including text giving which is usually limited to $5 or $10 amounts). However, the overall number and therefore amounts of donations provided online are still only a fraction of total offline donations;

5. Online giving follows a long-tail distribution, that is, a few well-known organizations traditionally receive 50 percent of the online donations (excluding crisis giving), while thousands of lesser known organizations share the remaining donations. This proportion would probably show an even smaller proportion for the small organizations but Network for Good has provided a convenient ‘one-stop shop’ for consumers who wish to donate to smaller, less known organizations;
Disaster relief is the leading category of giving and ranks among the top searches, along with international causes, animal-related causes, along with human services and education;

When disaster organizations are removed from the online giving analysis, small to medium size organizations account for far more (70 percent) of the online giving through Network for Good, in part because many small organizations utilize NFG for all of their donation processing;

Donors tend to turn to the Internet for end-of-the-year giving as well as for disaster contributions;

People tend to be most generous on weekdays, not weekends, especially Wednesday;

Most donations are made during business hours, especially late morning 10AM to noon;

The number one reasons donors say they give online is convenience; it is easier than writing a check.

Disasters and Crisis-motivated Contributions

A notable exception to the ‘research-online-before-you-contribute’ activity appears to be the phenomenal success of “crisis impulse giving.” Crisis giving through the Internet or other electronic devices essentially came to mainstream attention during the 9/11 crisis. For example, after the 9/11 terrorist strike, it has been reported that the American Red Cross database of supporters grew from 30,000 to over 700,000 names in just four months.(PublicIntelligence.com)

Most of the material here might be summarized by the various appeals that are used to solicit contributions, although many of these appeals also incorporate a ‘do it now’ mentality which appears to be a particularly desirable part of the ‘electronic’ thought process. Overall, the ‘disaster’ message carries a strong ‘need’ component, usually implied because of the immediacy of the disaster and often pictorially stated through pictures of dire destruction to people and their surroundings. Such a need created by a disaster which presumably unable to be avoided carries a
far stronger impact in its request for donations than many other requests which might be equally
valid, but without such strong impact (Polonsky). While the press has primarily focused on ‘text
messaging fundraising’ as the prime use of mobile technology in the nonprofit arena, it should be
noted that mobile messages actually fall into several distinct categories: fundraising messages
solicit donations by asking subscribers to response to a text with a special donation keyword
(text); advocacy messages ask subscribers to sign a petition or call a given decision-maker (call);
informational messages let subscribers know about an issue, event or other breaking news
relevant to an organization but need no reply; go-to-web messages ask subscribers to visit a
given web page; and text-reply messages ask subscribers to respond to a text message but are
NOT fundraising or advocacy appeals (issue Palin) (Amorusa).

People give to disaster relief for a variety of reasons, but overall, experts have found that
“when people get together and cooperate to do good deeds, it leads to positive feelings…People
get the most emotional benefit from giving money to recipients they know personally, or when
they know someone who has a direct connection to a cause or charity” (Landau). For example,
people would feel better giving money to an individual helping with Haiti than donating to a
large organization. However overall, donations to disaster based relief efforts, such as Haiti,
“make people feel like they’re part of something larger, are energizing and emotionally
rewarding” (Landau).

Online donation collection is able to function in the same manner as direct response
advertising, that is, utilizing credit card numbers, but the heightened potential for scams and
identity theft online comes with additional concerns. To overcome such challenges, several
organizations have been created as ‘clearing house’ services for such donations. The Network for
Good is probably the most well known of these organizations. Network for Good is a Better
Business Bureau Wise Giving Alliance accredited charity that has processed over $400 million in donations for more than 50,000 nonprofits since its 2001 founding by AOL, Cisco and Yahoo. Network for Good uses industry-leading Secure Sockets Layer (SSL) technology to keep your personal information as secure as possible. It even provides an electronic receipt at the time of the donation. Both the receipt you see onscreen at the completion of the donation process and the e-mail you receive shortly thereafter meet all IRS requirements as a record of donation.

The Network for Good helps to protect donor information by working with partners that provide a secure and safe environment for credit card donations. It is a nonprofit that makes it easy for donors to support any charity, anywhere online, and helps nonprofits raise funds for their missions through simple, affordable and effective online fundraising services, including donation processing and email outreach tools. Through partnership with corporations, Network for Good even enables charitable giving solutions on company websites (Network for Good). The Network for Good, considered an important umbrella organization for online collections has been said to have negotiated with financial institutions to charge credit cards only 3 percent for all donations, minimizing the amount of overhead payments for such donations. Its impact is growing, as it processed 58 percent more dollars online in 2009 vs. 2008 (Andresen 2010). This service should be in continuous demand as online giving, currently only around 10 percent of overall giving at present, has been found to be growing very fast – about 50 percent per year (Kayhko).

Delivery of Mobile Text Donation Appeals

Fund raising strategies for overcoming today’s economic downturns appear to be a critical element for successful campaigns. While it may seem commonplace to be asked for
contributions to be provided electronically today, nonprofits could not even “solicit donations from U.S. wireless subscribers until 2007” (Hamblen). It is interesting to note that even as of 2007, research found that many nonprofits still relied on traditional "brick-and-mortar" styles of collecting and distributing donated funds. This ‘digital divide’ was felt to be present for two reasons: lack of affordability and fearfulness of the technology (Lee). It is probable that the huge extent of the Haiti earthquake disaster, combined with the rapid visual report of the damage as well as the impulsive text messages calling for donations moved this form of fundraising out from the sidelines and into the mainstream of fundraising activities.

While the growth of donations in crisis situations through online websites or email solicitations has become more acceptable over the years since 9/11, mobile technology has spawned a growing awareness of contributions through texting on mobile devices. While the use of cell phones in the USA for “web browsing, banking, donating money, and finding friends in the USA is relatively new, these behaviors are quite well established across Africa, Asia and much of Europe. (But the US is catching up). The 2008 Super Bowl featured the first major television ad for mobile phone text messaging donations, a promotion for a United Way program in partnership with NFL star, Tom Brady” (Community Philanthropy and Social Media).

However, the focus on mobile-based donations, obtained through primarily through text messages, needs to consider the broader overall digital presence including viral communications, access to websites, and other electronic enabled activities. Even in today’s electronic marketplace, it is important to remember that despite the outstanding growth in this text-based fundraising area, the “$10 donation is a far cry from the $71 average donation seen across the nonprofit sector in response to e-mail solicitations, making it ‘potentially risky’ to solicit gifts via text message from active donors who would give more through another channel” (Hamblin).
The answer to the question of ‘will giving on line just shift money from other methods of giving?’ is, ‘apparently not.’ In a publication by PhilanthropyNow founder, Charles Maclean, he reported that, “According to Brian Murrow consultant for PriceWaterhouseCoopers, World Vision attracted over $500,000 last year online and 62 percent of those donors were new to philanthropy. Further, 97 percent of the online contributors to Mercy Corps International which raised $130,000 were new donors. Online giving capability enables many nonprofits to find donors who haven’t given before” (Maclean).

As noted in the 2010 Benchmark study, over 80 percent of text subscribers were recruited via an online program, although off line channels can also generate a sizeable number of recruits (Amoruso). However, the 2010 Benchmark study emphasized the speed of the growth of text messaging lists which grew at an annual rate of 45.5 percent (although it should be noted that many text lists are created from existing supporters), and that the annual churn rate was 30.7 percent, with fundraising solicitations having the highest unsubscribe rate (Amoruso).

The most notable example of mobile contributions to date is the American Red Cross’s (ARC) mobile fundraising campaign in response to the January 12, 2010 earthquake in Haiti. It was reported that, “according to mGive, the company that worked with the American Red Cross to set up a text donation campaign in the wake of the Haiti disaster, more than 2.5 million people texted $10 pledges to Haiti relief in the week immediately following the earthquake. And that was just one of many mobile giving campaigns that were created to help fund relief efforts” (Sherman). The immediacy of the Haiti disaster prompted a flood of donations; CNN reported that a “48-hour-old fundraising campaign to help Haiti earthquake victims, done solely through text messages, stunned Red Cross officials on Thursday, two days after the disaster, when it hit
$3 million. (Further) the campaign, made viral on networking sites like Twitter and Facebook, raised $8 million by Friday, shattering any record that (the Red Cross) had seen with mobile giving” (Gross). The donations via mobile giving past the immediate days following the disaster, and during the first four weeks of this Haiti appeal, the mGive platform processed over $1 million and over 100,100 transactions in under an hour (Red Cross Raises..).

The big news was that the American Red Cross raised $32.7 million or 8 percent of its $418 million in total relief contributions through its mobile phone marketing outreach. Journalists such as Matthew Clark of the Christian Science Monitor picked up the text-Haiti message as breaking news, and this was repeated by journalists in both print and broadcast media (Clark). The message to ‘text Haiti-90999’ was not limited to just the American Red Cross outreach either, as other organizations such as the U.S. State Department, as well as hundreds of individuals spread the word. For example, musician Wyclef Jean’s organization, Yele Haiti, initiated a similar text-message campaign ‘Text “Yele”-50150,’ to contribute $5 toward food distribution and emergency relief mobilization (Yamshon). Over all, it has been reported that mobile giving in response to the Haiti disaster came to 14 percent of all donations while telephone donations totalled 12 percent (Choney). Part of the success of this mobile donation campaign has been attributed to the simplicity of the process, along with the fact that mobile texting has become far more familiar in the US in the past decade (Conz).

The Haiti disaster message was also helped by another technological innovation. Tweeting came to prominence here, as 2.3 million Tweets about the Haiti program generated a huge number of $10 donations, perhaps tapping a new donation demographic as well. Not only does Tweeting appear to have become the speed-dialing version of viral marketing, the immediacy of tweeting (as well as the ability for tweet messages to get through when many other
modes of communication may be destroyed or blocked in a disaster setting) appeared to make its application far more effective than previously realized. The success of mobile fundraising especially in the Haiti disaster appears to have become a wakeup call for other less visible nonprofits to follow suite. “All the nonprofits woke up and are very keen on mobile giving after seeing the (Red Cross) rake it in,” said Katrin Verclas, an analyst at MobileActive.org. in New York, a group committed to promoting mobile giving (Hamblen).

**Digital Triggers**

The message (and/or sometimes the messenger) which inspires a monetary donation response is a critical element in the contribution scenario. Messages about crises (national disasters, environmental crises, and other cataclysmic events) appear to not only capture the attention but also the pocketbook of a wide spectrum of donors. What is especially unique about an online donation platform, in addition, is that most contributions can be recorded with a receipt sent back almost instantly, unlike direct mail where the time often stretches into weeks for just such an exchange.

Such ‘digital influencers’ appear to be found through the electronic donation realm. The immediacy aspect appears to be the critical element, much like the impulse items near a supermarket checkout line, or the availability of vending machines for that impulsive attraction. The growing use of mobile ‘smart phones’ as vehicles for making payments is just catching on in the United States, although some other countries have utilized their cell phones to perform more services than we do in the United States as a whole.

The Network for Good (NFG) organization conducted a large study (2006), reviewing disaster response to the 9-11 terrorist bombings or environmental disasters. The NFG
organization processed $24.5 million in contributions in 2005 in response to three high profile disasters; the December 2004 tsunamis, Hurricane Katrina in August 2005, and the Pakistan earthquake of October 2005. Highlights of its report pertaining to online giving include the following nine points (Andresen 2006):

Finding #1: The Internet is ideally matched to charitable given at times of disaster. Disaster giving is impulse giving...by enabling people to react immediately.
Finding #2: Disaster given online follows a ‘fast but fleeting pattern.’ The impulse effect spikes and drops with a short two to six day time frame.
Finding #3: News coverage is a major driver of giving online. Half of all NFG’s traffic in crisis is driven by links with AOL and Yahoo. The ‘angle’ of news coverage also influences giving patterns (such as the discussion of pets left behind in the wake of Katrina).
Finding #4: Whether due to the impulsive nature of online given or the credit card effect, online donors are more generous than offline donors.
Finding #5: Big nonprofit brands win in a disaster, but donors value choice. At times of disaster, when favorite charities are not involved, donors seek out familiar names with strong brand recognition.
Finding #6: The Internet has created a new type of donor—the citizen philanthropist. These are people who want to do something, and the Internet offers them such an opportunity when disaster strikes.
Finding #7: Increased fraud and media coverage of nefarious fundraisers (have) increased donor scepticism. But, despite the growing concern of donors in this regard, fear of fraud does not appear to be harming the growth of online giving.
Finding #8: Fears of compassion fatigue may be overblown; disasters do not appear to depress giving in other areas.
Finding #9: A key to avoiding post-disaster dips in giving are recurring gift programs.

The Network for Good’s implications drawn from these nine points include the need for charities to set up online donation processes before a crisis, that charities should offer recurring giving as an option in the donation check-out; that impulsive givers are in a hurry, so leave the ‘heavy’ text for thank you notes to encourage future donations; and, if a charity is not well known, it should seek listings on better known sites or with well respected branded charitable organizations (Andresen, 2006). In addition to general familiarity regarding the online environment, the opportunity to benefit from such prospective donor searches by utilizing paid
search engine placements on these sites appears to be another possible source of revenue. Just the act of driving traffic to some websites provides some advertising revenue to the site.

Now that the early Haiti relief efforts have been examined, the ‘donation success’ of the Red Cross Haiti (RCH) campaign becomes even more impressive. Just focusing on the RCH mobile donation tally (after one month) of $32 million, this amount gains additional importance since total mobile donations in 2009 through the Red Cross came to only $4 million, and only $500,000 in 2008 (Green). Obviously, these donations did not occur spontaneously, and the extensive media coverage, including TV/cable, print, radio, and online outlets not only provided vivid descriptions of this disaster, but also gave prospective donors with instructions for providing a mobile donation. Endorsers and notable spokespersons were also in the forefront, including US First Lady, Michelle Obama, encouraging American relief donations. Apparently, an unprecedented number of musicians and other performers joined in this communication effort, providing information along with some of their own contributions. As well, text donations do not need any credit card information since the donation is added to the monthly mobile invoice. With the economic downturn, this approach to contributions helped to make these donations of $5 or $10 efficient and easy.

One challenge that usually accompanies text donations is that, despite the speed and ease of making the donation, many companies withhold such text donations for approximately 90 days since the donation is technically not completed until the subsequent phone bill is paid. In this instance, with Haiti in such immediate dire straits, some mobile carriers released the funds earlier, such as Verizon releasing $3 million, or mGive (which was collecting the $10 dollar donations) waiving its fees to the Red Cross for the month of January 2010 (Green, part 1).
It is important to realize that, despite the record-setting mobile donations collected by the American Red Cross for Haiti, the message to Text Haiti 90999 was a critical element. Such text messages need to be delivered, usually through more traditional media, for mobile users to even know about the text donation opportunity. As well, since most Americans are bombarded with thousands of messages each day, the text message also needs to be preceded by attention-getting descriptions of the disaster or the reason for the contribution request. The Haiti example had it all, vivid TV and video coverage, wide spread traditional media portraying the extent of the disaster, celebrities and other spokespersons not only also reporting on the disaster, but creating their own fundraising activities such as concerts (currently, only one provider, Causecast, is acting as a mobile agency and signing up nonprofits that generate less than $500,000 in yearly revenue (Green-2). Finally, as impressive as the mobile donations for Haiti might seem, the $32 million was only a small percentage of the total funds contributed to the Haiti disaster through a variety of channels. An estimated 50 percent of the total donations came from online giving, but the major part of these donations came through a variety of non-mobile electronic donations channels such as email solicitations, websites, and other activities (Green-1, 2).

Then, too, there is the issue of the amount of the final donation. Mobile carriers may forward all of the $5 or $10 donations to the charity, but the mobile user is still billed start-up and monthly fees, and sometimes, donation fees. The charity, meanwhile, needs to have successfully completed a mobile campaign application which usually takes at least several weeks in advance for approval, and paying these fees, as well as paying any or all agencies for the promotional communications announcing the mobile texting campaign. Obviously, such an unanticipated disaster situation does not provide adequate time for all these campaign creations and approvals to take place, but if the organization does not have even a standard mobile
collection campaign in place, it is unlikely that such a campaign could be implemented in a timely manner (Green-2).

Future Concerns

The contribution success story of mobile donations for Haiti relief is a great example of e-philanthropy. The potential for future mobile donations is there, but even as mobile technology becomes a greater part of our daily lives in the US, this does not guarantee that this method of donation collection or delivery will remain so productive. The usage of mobiles for increased applications in shopping, banking and other functions may make text messaging more commonplace, but this will probably also create far more text messaging clutter as well.

Further, the huge damage that was caused in Haiti, a country near to the United States, is hopefully not likely to be repeated very often. The impact of the Haiti disaster and its subsequent donation response was not even repeated very strongly by the Chilean earthquake which occurred only a month later; making similar emergency responses by mobile devices or other methods probably smaller financially.

On the other hand, just as technology and its applications continue to evolve, use of such emerging technology also needs to adapt to the changing marketplace. A couple of examples from the UK provide some samples (McAllen). A national charity for single homeless people in London used text messaging (SMS) to sell concert tickets to small scale secret concerts by well known musicians, such as Dave Gilmour of Pink Floyd. You knew the date of the concert, but not the location. On the day of the concert, you received a text message with the concert’s location. Not only did this approach collect additional funds for the homeless people, it gave the concert goers a small sense of the helpless feelings experienced by many of the homeless
individuals seeking shelter. Another approach involves the website opened by an organization that focuses on food allergies, and offers individuals to sign up to receive information on certain allergies. Then, when, for example a major retail chain announces a food problem or contamination, the organization can send out a text message about the problem, providing speedy and possibly life saving information to a targeted audience (McAllen).

Mobile technology can also be viewed as another communication tool in the e-philanthropist’s arsenal, that is, a communication vehicle that can provide updates, insights, or other information that makes the donor (past or present) feel a greater part of the picture. It has been said that there are three primary reasons that a donor gives time, talent and treasure—to belong, to feel good, and to be acknowledged (Davis). Mobile communication has the ability enhance all three of these elements.

Conversely, as mobile contribution opportunities became easier and more plentiful, there will be more charities seeking donors, and all these charities may not be as effective or as honest as the better-known ones (Block). People are urged to stay with their familiar charities, or to given with credit cards (which, despite the costs or security of credit cards, are still the fastest way for the charity to process and obtain the funds). Further, although text messaging may be the most recent productive discovery for fundraising, experienced organizations continue to admonish others to continue to utilize the traditional methods as well; windfalls may occur, but it is important to have structured support throughout donation campaigns (Poderis).

Our research identified a growing number of sources designed to help charities develop or strengthen their mobile fundraising efforts. Recent online publications include: Texting for Charitable Dollars-The Definitive Guide to Mobile Fundraising; Nonprofits-Time to Get Mobile;
Hard Times Call for Plentiful Measures

Our research in the area of electronic philanthropy examined charitable activities from the perspectives of donations, disasters and delivery. The donation topic includes a review of traditional contributions for charitable or philanthropic causes, and the disaster issue explores the impact that a terrorist threat or environmental disaster has on possible donors. The delivery topic explored the various media utilized to contact or assist contributors including an exploration of new or innovative ways in which the appeals for such donations are now being effectively transmitted. News of such disasters as the earthquake which severely affected Haiti can provide the additional impulse needed to utilize electronic media over more conventional fund raising activities. One observation resulting from this research has been the identification of key triggers that often encourage donors to respond very quickly to provide relief in a fast, mobile, electronic manner. It is probable that e-philanthropy will not only continue but will gain additional follows among the younger generations of today. This research study has been designed to not only describe the existence and approaches of e-philanthropy today, but also to provide insights into strategic approaches that would potentially trigger stronger electronic responses to philanthropic appeals.

The following case scenario describes the American Red Cross experience as it requested e-philanthropic donations for the damage inflicted by the Haiti Earthquake. This example illustrates how all three elements provided the digital triggers for the successful fundraising
efforts of the ARC, especially highlighting its record-setting $32 million donations from mobile text contributions. Note that, interestingly, even the day of the week when the Haiti earthquake occurred (Wednesday) along with the rapid pictorial reporting of the disaster, especially in pictures, provided a ‘best case scenario’ for online donations, along with the growing familiarity of texting and tweeting.

Summary and Key Points:

1. E-philanthropy is here to stay. It is growing and becoming a mainstream part of the fundraising toolkit for non-profit organizations.

2. E-philanthropy helps reach a very important segment, the Gen Y contributors/donors who would be less likely, in most cases, to respond to other direct marketing efforts by mail or phone.

3. Several electronic contributor behaviour patterns were noted in the literature review here, notably: a) the research-the-credentials online of the charity before clicking ‘contribute,’ and b) the impulsive, let’s respond to a horrific crisis mode of giving.

4. Research is clearly needed on where and when e-tools can be deployed versus other modes of fundraising, including, of course, the most costly method involving a personal visit to encourage giving by a fundraising professional.

5. Online approaches would appear to have great promise in a number of other ways for non-profit organizations to establish stronger bonds to increase donor loyalty. Web feedback on what is being done with the money contributed, immediate and personal thanks for contributions via email, database, and CRM tools to build a complete donor history and profile, to name a few.
Unleashing the Power of Mobile: How the Red Cross helped Mobile giving go Viral

(Peggy Dyer, CMO, American Red Cross)

Mobile marketing has been around for a long time but there is no doubt that it entered the philanthropy “big leagues” in the Red Cross response to the Haiti Earthquake crisis. In this case study we see how MM moved from a new trial program to a dedicated marketing program with goals and designated future applications.

The Red Cross has helped nearly 1.9 million Haitians since the earthquake and they expect to support hundreds of thousands of additional survivors in the years ahead until their last donated dollar is spent. Mobile has become a key player in this effort. Overall, the Red Cross has provided 30 million liters of drinking water reaching thousands each day. Some 400,000 people have been reached with basic relief supplies. Tens of thousands have received treatment in their field hospitals and mobile clinics.

The Red Cross now has a formal Mobile Marketing Program – its goal is to establish the mobile program to further Red Cross’ mission and to enable audience acquisition and engagement. The Red Cross has found that mobile has the capability to instantly turn compassion into action. International environmental disasters create needs of epic proportions; they captivate a huge media audience. Mobile allows a philanthropic organization to size the moment with its fund-raising efforts. Within days of the earthquake, Text Haiti to 90999 was everywhere.

Haiti Everywhere

Due to 24 hour cable news and social networking sites like Facebook and Twitter, news of the destruction in Haiti was immediately available and everywhere. The tweet “You can text HAITI to 90999 to donate $10 ….” Rapidly spread. From Jan 12-14 there were 2.3 million tweets about Haiti or the Red Cross of which 59% were retweets. In addition to social networking sites, donation spikes for Text Haiti were spurred by news and broadcast promotions, including NFL playoff games, a Larry King Live Special, American Idol and The Sabado Gigante Telethon. By mid-February, promotions on the Super Bowl resulted in smaller levels of giving compared to the more immediate programming within 10 days of the earthquake. Striking while the iron is hot is enabled by mobile marketing.

Text “Haiti” to 90999

A record-breaking $32 million in donations have been texted. Text Haiti’s success was made possible with the cooperation of the Telecommunications industry’s strong support. Tech organizations participating in the ARC’s Text Haiti campaign included: CTIA – The Wireless Association, US State Department, Alltel, Cellular South, Cellcom, Cincinnati Bell, Cricket, T-Mobile, U.S. Cellular, Verizon Wireless, Virgin Mobile.

Preliminary Program Statistics

-- For the first time, mobile donation channel contributed meaningfully to a cause with 16% of total donations.
Donations peaked at $500,000 in a 1 hour period: the early days were driven by a media blitz, social networking, and a public outcry.

Later on donations were powered by promotions and PSAs in conjunction with events like NFL games and Larry King.

Text Haiti influenced a new generation of philanthropists as 41% of the donors below age 34 were influenced by the text appeal.

This Mobile Program Accomplishments

More than $32 million was raised from 3 million+ donors

Red Cross has been firmly introduced as a trusted brand for a new generation of philanthropists

A new disaster relief program is now operational with a new product set

- SMS short code marketing with opt in
- Mobile advertising
- Disposable applications for smart phones

Most importantly, a framework for digital engagement strategy was now built.

What is Next?

So, given this case study of Red Cross' Mobile Marketing efforts, what is next for Red Cross Mobile? According to Peggy Dyer, the Chief Marketing Officer of the Red Cross, a formalization of short code marketing program and its processes is anticipated. However, the American Red Cross must tread carefully, not to “burn out” such a highly promising approach. They are prioritizing mobile programs according to Red Cross strategic priorities. Three important approaches are:

1. Create a disaster fundraising and response model.
2. Assemble a toolkit for rapid launch in times of disaster
3. Initiate general fundraising, audience growth and engagement
4. Incorporate some Blue Sky marketing programs
5. Think through mobile marketing applications for new lines of business programs such as Blood Services, Preparedness and Health and Safety Services.

On the one hand, the crisis-mobile-text Haiti apparently took on a life of its own. However, when the Chilean earthquake occurred in February 2010, about a month after the Haitian earthquake, the American Red Cross did not respond with the same intensity. Reasons varied, but overall, despite the severity of the earthquake, damage to property and individuals was not as severe as with the Haiti disaster. However, despite not creating a text message for Chilean contributions, the ARC reported receiving some text donations from contributors who, in the absence of a specific text message pertaining to Chile, sent their donations to the ARC as “Text Chile-90999,” and these were forwarded on to the Chilean charities.

The immediacy emotion of the Haiti disaster has passed, and, despite the large amounts of donations and ongoing efforts to replace or repair the damage caused by the quake, the work goes very slowly. Haiti suffered from many problems prior to the earthquake, and estimates have stated that the country will need donations at least for the next ten years to improve conditions. Hopefully, many of those whose initial donations, by mobile text or other online and offline methods, will continue to support this cause, as well as others in repeated donation.
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